



## CITY OF HAYWARD AGENDA REPORT

AGENDA DATE 06/20/02

AGENDA ITEM 2

WORK SESSION ITEM \_\_\_\_\_

**TO:** Planning Commission

**FROM:** Ann R Bauman, Neighborhood and Economic Development Manager *ARS*

**SUBJECT:** City of Hayward Draft Housing Element

### RECOMMENDATION:

It is recommended that the Planning Commission review, comment and recommend City Council adoption of the attached draft Housing Element.

### BACKGROUND:

#### *Overview*

Housing is one of the critical elements in the City's efforts to provide a desirable environment for current and future residents. The Housing Element discusses housing-related issues and presents policies, strategies and programs to address Hayward's housing needs. The Housing Element is a mandatory component of the City's General Plan. The City adopted its current Housing Element on July 31, 1990. It was subsequently amended on July 16, 1991 to include the programs and policies for the preservation of affordable rental housing complexes at risk of converting to market rate. On October 17, 1995, the Homeownership Amendment to the Housing Element was adopted.

California State Housing Element Law requires that local jurisdictions identify and analyze existing and projected housing needs and present goals, quantified objectives, policies, financial resources,, and specific programs for the preservation, improvement, and development of housing. Further, the Housing Element must identify adequate sites for housing, including rental housing, factory-built housing, and mobile homes, and make adequate provision for the existing and projected needs of all economic segments of the community. The Association of Bay Area Governments (ABAG) creates a "fair share housing need" allocation for every municipality in the Bay Area. The fair share housing need is an estimate of the amount of new units that must be produced in the City to meet projected demand within a five-year period. The City must show in the Housing Element how this need will be met. Due to changes in the State housing element preparation regulations, all jurisdictions within ABAG must prepare housing elements that cover the period of 1999 to 2006.

The City's housing production requirement from ABAG for the period 1999-2006 is shown in the table below.

<b>Total Allocation</b>	<b>Very Low</b> (at or below 50 % of area median)	<b>Low</b> (between 51 % and 80 % of area median)	<b>Moderate</b> (between 81 % and 120 % of area median.	<b>Above Moderate</b> (above 120 % of area median)
2,835	625	334	834	1,032

*Housing Element Population And Housing Market Information:*

Hayward's population and housing market have changed significantly since the last Housing Element update. These changes are presented in the Housing Needs and Constraints on Housing Production sections of the Housing Element and include comparisons of 1980 and 1990 Census information with similar information from both the 2000 Census and private research firms.

*Land Available for Residential Development*

Sufficient land, zoned at appropriate densities, exists in Hayward to accommodate the ABAG Regional Housing Needs Determination allocation shown above. There are more than 663 acres of currently vacant land zoned for residential development. Of that, approximately 82 acres are zoned medium density residential and 75 acres are zoned for high density residential. There are also "underutilized" parcels that could be redeveloped. Underutilized land is land on which built structures have an assessed value that is less than 50% of the assessed land value. There are 422 acres of residentially designated parcels that meet these criteria. Approximately 120 acres have been designated for residential redevelopment in the Cannery Area and Burbank Neighborhood. Approximately 800-950 residential units are projected for development. Densities range from 10 to 30 dwelling units per acre. In addition, there are approximately 67,000 square feet of live/work space. A map is attached to the back cover of the draft Housing Element that shows the location of vacant and underutilized parcels throughout the City and defines "underutilized." Appendix E contains tables showing that the City's existing housing potential is approximately 4,900 units - which is more than sufficient to meet ABAG's total projected housing need requirement of 2,835 units. This is consistent with the Housing Potential by Census Tract table presented as Appendix H in the General Plan. This table shows a total of 4,857 housing units of which 1,969 are units in projects that have been approved or were pending as of June 30, 2001 and for which no building permits have been issued. This table also shows the potential for an additional 2,888 housing units. In addition there is sufficient vacant land, currently zoned high density residential, to meet the projections of units needed by very low and low-income households.

Hayward's land use and zoning regulations are not an undue constraint to development. The current General Plan update contains "Smart Growth" principles in the Land Use and the Housing elements. The City encourages mixed-use development as a tool for increasing residential use of second story retail space in the downtown and in neighborhood commercial areas. The Central City-Residential zoning designation permits high density multifamily housing

(as many as 65 units per acre) and the Commercial Office designation also permits medium density or high-density multifamily housing.

#### *Review of Prior Housing Policies, Strategies and Programs*

Housing Element Law requires that the City evaluate the effectiveness of the City's prior Housing Element. Appendix Q contains an assessment of all of the policies, strategies and goals presented in the 1990 Housing Element. Although sufficient housing was not built in the City to meet ABAG's Regional Housing Needs requirements, during the ten-year period 1990-2000, the City of Hayward and the Hayward Redevelopment Agency invested approximately \$34 million in affordable housing development, acquisition, rehabilitation and housing-related services. This amount included \$11.5 million in Community Development Block Grant funds; \$4.5 million in Low and Moderate Income Funds; and \$2.5 million in HOME Investment Partnership funds. The City and the Hayward Housing Authority issued approximately \$15.95 million in Mortgage Revenue Bonds for the construction, acquisition and rehabilitation of affordable multi-family housing projects. When combined, the total amount expended for affordable housing was more than \$34 million.

**Amount of Funds, Number of Units and Income Groups Served through Housing Production and Conservation Activities and Related Services 1990-2000**

	# Units	% of Total Units	Funds Invested (in millions)	% of Total Funds Invested
Very Low Income	530	42%	\$8.218	24%
Low Income	535	43%	\$23.86	70%
Moderate Income	190	15%	\$2.067	6%
Total	1,255	100%	\$34.145	100%

#### *Response to Review and Comments of the Draft Housing Element*

On October 16, 2001, staff presented a draft of the Housing Element to the City Council and Planning Commission for review and comment. Following that meeting, staff incorporated comments from the Council, Commissioners and the audience into the draft Housing Element. The revised draft was then submitted to the State Department of Housing and Community Development (HCD) on November 1, 2001 for initial review. On January 7, 2002, staff received HCD's written review of the draft Housing Element and made changes accordingly.

HCD's comments focused on several areas, including:

- The review and evaluation of the effectiveness of programs in the 1990 Housing Element and Amendments. HCD wanted the City to quantify results where ever possible and evaluate the success of each program;
- Proposed housing programs. HCD wanted the City to identify responsibility for program implementation, be more descriptive about how the programs will be implemented and

have specific time frames for programs where ever possible;

- **Housing needs, resources and constraints.** HCD wanted the City to be as specific as possible in the analysis that sufficient sites at appropriate densities exist to accommodate the City's share of regional housing need by income category and to analyze constraints on the production of housing more thoroughly.

On March 12, 2002, staff met with representatives from HCD to discuss their comments, our proposed revisions and obtain a general endorsement of the City's approach to revising the Housing Element.

The revised Housing Element draft was discussed with City Council during a Worksession on May 14, 2000. The attached revised draft Housing Element contains the modifications suggested by Council and differs from the draft that the Planning Commission previously reviewed in October 2001 in the following ways:

- **Text of Housing Element Chapter:** There are a few changes to the body of the Housing Element; all of which amplify the discussion in the previous draft. The Constraints section (pages 5-31 through 5-41) has been re-written to be more specific and descriptive. The text has been reformatted to integrate the draft Housing Element into the City's General Plan as Chapter 5. The Housing Element Programs have been separated from the Policies and Strategies in the body of the text and made into Appendix I.
- **Residential development potential:** The amount of residentially zoned land available for new residential construction was reviewed in detail. This analysis showed that there is a sufficient supply of land available to meet housing production requirements. Appendix E, which shows the City's residential development potential, contains charts that show that, in addition to vacant land, there is enough appropriately-zoned underutilized land to meet ABAG's housing production requirements for all income categories. A map showing residentially and commercially zoned vacant and underutilized land is also attached to the Housing Element. It should be noted, in reviewing the map, that any judgment on the appropriateness of a site for housing development must take into account the specifics of the proposed project and the availability of services at that location.

The Association of Bay Area Governments (ABAG) has allocated a projected need of 2,835 units to Hayward over the period from 2000 through 2006. Nine hundred and sixty-nine of which should be affordable to lower income households. Charts of housing potential in both the General Plan and the Housing Element show that the City has more than enough housing potential (approximately 4,900 units) to meet this requirement.

- **Housing Element Appendices:** The major changes in the revised draft Housing Element are in the Appendices. The Appendices have also been integrated into the General Plan. As a result, the Housing Element's Appendices are no longer labeled sequentially – A through G -- rather, they are now labeled according to their sequence within the General Plan – Appendices B, E, H, I, O, P, and Q.

- **Review of current programs:** Appendix Q, an evaluation of the 1990 Housing Element and Amendments, was expanded to include a detailed analysis of the effectiveness of each program presented in that Element. This evaluation showed that the City made progress regarding the quality of its housing efforts but the quantity of housing produced fell short of the mark due to the downturn in the California economy in the early 1990s and the fact that Hayward's housing market was slower to develop than many in the Bay Area.
- **Public participation:** Appendix P contains a description of the public comments received throughout the update process and describes how they were incorporated into the Housing Element. This Appendix was created in response to feedback from HCD. The vast majority of comments received from the public were incorporated into the Housing Element. Appendix P also notes which comments were not addressed.

## CONCLUSION

As noted previously, the Association of Bay Area Governments (ABAG) has allocated a projected need of 2,835 units to Hayward over the period from 2000 through 2006. Approximately two-thirds of the units are for Moderate and Above Moderate Income households. These needs will be served by the private sector creating new market rate housing. There are, however, 625 units of housing for very low income households and 344 units for low income households that will need assistance from federal, state and local funding sources in order to become a reality. The new dwelling units developed to serve households at these income levels will more than likely need to be multifamily rental housing. The Housing Element identifies policies, strategies and programs to meet this housing need. In cases where the private market does not meet the need, the City/Redevelopment Agency may need to act as a catalyst for housing development.

### *Public Notice*

The Public Notice for the Planning Commission Hearing on the Housing Element was published in the Daily Review on June 8, 2002.

### *Next Steps*

The draft Housing Element and Planning Commission recommendations will be forwarded to City Council. A public hearing will then be conducted by the City Council on July 16, 2002. The adopted Housing Element will be submitted to HCD for certification. Attached is the latest version of the draft Housing Element.

Attachment: Draft Housing Element and Appendices